

## Message Text

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ACTION ISO-00

INFO OCT-01 ARA-10 FEA-01 AGR-10 CEA-01 CIAE-00 COME-00

DODE-00 EB-07 FRB-01 H-02 INR-07 INT-05 L-03 LAB-04

NSAE-00 NSC-05 PA-02 AID-05 CIEP-02 SS-15 STR-04

ITC-01 TRSE-00 USIA-15 PRS-01 SP-02 OMB-01 IO-11

AF-06 EA-09 EUR-12 NEA-10 /153 W

----- 057693

R 202330Z FEB 76

FM AMEMBASSY MEXICO

TO SECSTATE WASHDC 3142

UNCLAS MEXICO 2284

E.O. 11652: N/A

TAGS: EAGR, ETRD, MX

SUBJ: COFFEE

REF: 034044

REPLIES TO QUESTIONS IN PARAGRAPH TWO REFTEL FOLLOW:

A) PRESENT WHOLESALE PRICE IS US 1.06 CENTS PER POUND FOR REGULAR GRIND (PLANCHUELA NO. 1) COFFEE COMAPED WITH US 99 CENTS BEFORE THE FROST.

B) PRICES PAID BY DOMESTIC PROCSSSORS/ROASTERS WERE 44 CENTS PRE-FROST AND ABOUT 69 CENTS AT PRESENT.

C) THE OFFICIAL SUPPORT (PURCHASE PRICE) OF THE GOM HAS BEEN INCREASE FROM 625 PESOS PER QUINTAL OF PARCHMENT COFFEE TO 750 PESOS PER QUINTAL. HOWEVER, THE PRIVATE SECTOR, WHICH NORMALLY PURCHASES ABOUT 50 PERCENT OF CROP, HAS INCREASED THEIR PRICE TO 780 PESOS PER QUINTAL AS A RESULT OF THE HIGHER WORLD PRICES.

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D) THE FROST SITUATION HAS HAD NO APPARENT EFFECT ON GOM POLICIES

WITH REGARD TO EXPORTS. THESE ARE GEARED TOWARD MAINTAINING A SIZABLE EXPORT LEVEL FOR THE SAKE OF FOREIGN EXCHANGE EARNINGS (COFFEE IS NOW MEXICO'S LEADING EXPORT CROP) AND AT THE SAME TIME MAINTAINING ADEQUATE SUPPLIES FOR DOMESTIC CONSUMPTION. HOWEVER, EXPORTS ARE SUBJECT TO SIZABLE EXPORT DUTY -- 32 PERCENT FOR GREEN COFFEE ON AN INDEX PRICE OF 20 PESOS PER KILO. THE LATTER HAS BEEN INCREASED SINCE THE FROST FROM 17 PESOS PER KILO. AT THE SAME TIME, EXPORTERS ARE GRANTED TAX RELIEF FROM INCOME TAXES WITH THE DEGREE OF TAX RELIEF SCALED TO WORLD PRICES FOR COFFEE. THUS WHEN WORLD PRICES ARE HIGHER THEY PAY BOTH EXPORT TAXES AND A HIGHER RATE OF INCOME TAX.

E) THERE HAVE BEEN NO SPECIFIC EFFORTS ADOPTED SINCE THE FROST TO ENCOURAGE COFFEE PRODUCTION. SINCE 1973 THERE HAS BEEN A PROGRAM TO INCREASE YIELDS PER ACRE BY REPLANTING OLD PLANTATIONS WITH NEWER IMPROVED VARIETIES AND INCREASING THE USE OF FERTILIZER, ETC. SUPPLIES OF BOTH FERTILIZER AND CREDIT (SUPPLIED BY THE NATIONAL FOREIGN COMMERCE BANK) WILL LIKELY BE INCREASED IN 1976.  
JOVA

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## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**Copy:** SINGLE  
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**Disposition Action:** n/a  
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**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
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**Disposition History:** n/a  
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**TAGS:** EAGR, ETRD, EPAP, MX, US  
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